

SECRET

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

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**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
30 August - 12 September

The growing orientation of Syria toward the Soviet Bloc was the most significant development in the activities of the Sino-Soviet Bloc in the underdeveloped countries of the Free World during the period 30 August - 12 September. The USSR is reported to have agreed to purchase one-third (about 120,000 metric tons) of Syria's wheat surplus; a communiqué issued in Moscow announced that a Soviet economic mission would soon visit Syria to study specific projects and sign economic and technical agreements; a Syrian military delegation visited Czechoslovakia; and Soviet and Czechoslovak trade delegations arrived in Damascus for the opening of the Fourth Damascus International Fair.

Prime Minister Nehru announced that India recently received a new credit offer from the USSR amounting to approximately US \$25 million for the expansion of facilities for the manufacture of pharmaceuticals in India. There are no immediate plans for the negotiation of the loan.

Ceylon has signed an agreement with Czechoslovakia for the construction, beginning in October, of a sugar factory at Kantalai. Unconfirmed reports indicate that the USSR has agreed to provide Ceylon with the machinery and technicians needed to clear 6,000 acres of jungle at Kantalai for the cultivation of the sugarcane needed to supply the proposed sugar factory.

Communist China has requested Burma to pay 95 percent of its deficit under the now-defunct barter agreement as soon as possible. The amount owed is estimated to be about the equivalent of \$500,000 in sterling. The Burmese government has not yet announced whether it will comply with the request.

Goods from Communist China continue to arrive in Cambodia under the terms of the \$22.4-million grant of June 1956. Delivery of the first installment, goods valued at \$5.7 million, has been nearly completed.

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Counterpart funds, generated through local auction sales of these goods by the Cambodian Directorate of Plans, total to date approximately \$2.9 million.

Prime Minister Nkrumah of Ghana indicated that his government intends to ask the USSR, Communist China, and Japan to receive trade missions from Ghana in an effort to increase its exports. He stated that he believed that the missions would also lead to closer diplomatic relations. Nkrumah probably hopes to increase cocoa sales to the Bloc. Soviet purchases have risen from a level of 6 percent of Ghana's cocoa exports in 1953 to a current level of 13 percent.

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